

# **Bond Case Briefs**

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## **S&P: Wildfires Are Becoming The New Normal In Western States; Their Unpredictable Nature Increases Long-Term Risk**

Since 2018, wildfires have become increasingly common and are a credit risk for municipalities in high fire-risk areas across several western states such as California, Washington, Oregon, and Colorado. The ongoing drought, particularly in California, is a likely contributor to the reoccurrence of wildfires in areas with historically low rainfall. With the effects of climate change likely to stay, we believe wildfires will remain a common occurrence for the foreseeable future.

However, despite the number of wildfires in the western states, S&P Global Ratings has not taken any negative rating actions to date. Although some wildfires are close to municipalities that we rate, most of these municipalities' boundaries and property values have not been materially damaged. We closely monitor wildfire risk across the western states.

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